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Current Support Brief

COMMUNIST CHINA'S EFFORT TO OBTAIN SHIPBUILDING AID FROM WESTERN COUNTRIES



CIA/RR CB 64-15

February 1964

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

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COMMUNIST CHINA'S EFFORT TO OBTAIN SHIPBUILDING AID
FROM WESTERN COUNTRIES

Communist China for the past 2 years has shown an unusual interest in shipbuilding in Western Europe, an interest that has taken the form of visits to European shipyards and industrial facilities both by technical personnel, probably from the shipbuilding industry, and by senior government officials. Although the official reason for such visits appeared to be the purchase of ships, analysis of the visits indicates a considerable interest in shipbuilding technology and an effort to persuade France and possibly Denmark to support a program of assistance in shipbuilding.

In the years between 1952 and 1959, Communist China attempted to enlarge its shipbuilding industry, first, by improving facilities for the assembly of ship components and equipment supplied by the USSR and, second, by developing an industrial base for domestic production of components and equipment. Soviet assistance, both technical and material, however, was withdrawn before the Chinese could develop an adequate industrial base. Moreover, the economic setback in 1960 contributed further to the delay.

Recently, Communist China appears to have renewed its effort to produce ships. These efforts include a move late in 1963 to raise the administrative level of the shipbuilding industry from that of a bureau (Ninth Bureau of the Third Ministry of Machine Building) to that of a ministry with the creation of the Sixth Ministry of Machine Building. Continued efforts also have been noted in construction of new shipbuilding facilities. What is now believed to be of major significance is the apparent attempt to solicit Western aid to replace the loss of former Soviet assistance.

1. France

The first of the Chinese Communist delegations interested in Western shipbuilding visited France between 28 June and 21 July 1962. The arrangements for the visit of a four-man delegation were reported to have been handled through Genema, a French shipyard syndicate. Acting as agents for Genema was Compagnie Oliver of Paris, an import-export firm reported to favor an expansion of French-Chinese trade.

The itinerary for visits to some 15 installations included shipyards and industrial facilities connected with the marine industry. The stated

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purpose of these visits was to observe construction of ships; manufacturing of marine engines; and production of radio, navigation equipment, remote control apparatus, and the like. 1/ Among the installations visited were several highly capable shipyards that are experienced in construction of both naval and merchant ships; the Compagnie Général de Télégraphie, the largest producer of electronic equipment in France; and the Société Alsacienne de Construction Mécanique, a company engaged in the French nuclear energy program, including production of reactors.

Although it is still not clear which installations actually were visited, some of the installations reportedly visited differed from those in the original itinerary and seemed relatively unimportant. 2/ Nevertheless, because the French tend to affiliate their industrial enterprises into large groups, the Chinese probably had the opportunity to contact important representatives of many French companies.

Because the Chinese delegation was without purchasing authority, the principal purpose of the visit was exploratory. 3/ The delegation, however, did express a desire to purchase ships in the future and to send technicians to observe ship construction.

The four members of the Chinese Communist delegation have not been identified previously, but it is reported that they represented the China Ocean Shipping Company of the Ministry of Communications. Although a search of available biographic data showed no record of the individuals, the four appeared to have technical backgrounds. It also is possible that they represented what is now the Sixth Ministry of Machine Building.

A visit to Communist China in September 1963 of a French trade mission headed by former Ambassador Georges Picot appears to be a followup in part of the Chinese visit. The Chinese again expressed a desire to purchase ships and to send another shipbuilding delegation to France. 4/

2. Denmark

Before touring French facilities, the four-man Chinese Communist delegation is reported to have attended the annual International Congress of Combustion Engines held in Copenhagen during the latter part of June 1962. Other Communist countries were represented at the International Congress, including a Soviet member of the Central Boiler and Turbine

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Institute in Leningrad. 5/ While in Denmark the Chinese delegation probably visited the Burmeister and Wain Shipyard and two smaller shipyards.

Some negotiations undoubtedly were conducted between Communist China and Denmark, for it was reported in December 1963 that Burmeister and Wain is planning to send a two-man technical delegation to Peiping for preliminary discussions on the possible construction of ships and ship engines.

3. UK

The same four-man Chinese Communist delegation that visited France spent part of August 1962 in the UK visiting 14 shipyards and other marine installations. 6/ These installations are some of the more capable shipyards and marine equipment plants in the UK, including five shipyards engaged in work on naval vessels and missiles and one that is involved with the nuclear submarine program.

A six-man Chinese Communist technical delegation spent the last part of April 1963 at the London International Engineering Exhibition. The delegation indicated a special interest in a wide range of marine equipment including (a) high-speed diesel engines, (b) navigational and testing instruments, (c) high-pressure vessels and test equipment, (d) instruments for impulse measurement and analysis, (e) servo-mechanisms for automation, and (f) certain kinds of welding apparatus. 7/

In March and April 1963 a high-level Chinese delegation, headed by the Vice Minister of Foreign Commerce, visited the UK. During the course of general negotiations it is reported that the Chinese were interested in electronics and communications equipment, telecommunications instruments, scientific measuring and control apparatus, and plastics. Although no mention was reported of the interest in this delegation in ships or shipbuilding, the Vice Minister and two members of his party visited two shipyards to observe ships under construction, production of marine engines, and prefabrication practice. 8/ One of the shipyards visited was engaged in naval work, including missile ships.

4. Other Western European Contacts

The four-man Chinese Communist delegation was reported to have visited Sweden, Switzerland, and West Germany in 1962, in addition to the visits to France and the UK, although no details are available.

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A three-man Chinese Communist delegation that is probably still in Western Europe visited Norway and Sweden in December 1963. Details of the activities of this delegation are not available, although the delegation contacted shipbrokers and shipyards in Norway, indicating an interest in both shipping and shipbuilding. 9/

5. Significance

One of the interesting aspects of the visits in 1962 by the Chinese Communist delegation was the apparent followup visits to China in 1963 by delegations from both France and Denmark. These return visits suggest that the Chinese had conducted successful preliminary negotiations.

Moreover, although very little is known about the individual visits, they appear as a whole to be of considerable importance to the Chinese Communist shipping and shipbuilding industries. The number and variety of installations visited in the several countries clearly reflect an interest in technology. Although some of the contacts were made with firms engaged in nuclear programs, there is no evidence that the Chinese contemplate the construction of nuclear-powered ships.

At present, because of limited economic resources, it is doubtful that Communist China can procure from Western Europe either technical or material aid of the magnitude that it had obtained earlier from the USSR. It is believed, however, that these visits probably mark initial efforts to obtain some Western assistance. It is highly probable that many of the benefits of the Chinese visits derive from observation of Western technological practices.

In addition, the visits of the Chinese delegations to France and Denmark appear to be of a somewhat sensitive nature. No mention of these visits was noted in the press.

The French return visit in 1962 is of singular significance because the delegation consisted of high-level nongovernment personnel. Such a mission was of value to France, for important subjects could be discussed without necessarily committing the French government. Furthermore, the results of the mission raised the possibility of a second Chinese Communist shipbuilding mission being sent to France.

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